



# PERSonnel UPDATES

The Newsletter for Authorized Agents & Personnel/Payroll Officers

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NDPERS

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## Events & Mailings

### Annual Enrollment Season – 2004 Plan Year

The annual enrollment for the NDPERS health, life, Flexcomp and voluntary insurance plans, which includes the dental, vision, and the long term care plans will begin October 1, 2003 and end November 17, 2003. Coverage is effective January 1, 2004 for the health, Flexcomp, dental and vision plans and upon approval by the carrier for the life insurance and long term care plans.

At this time employees of county, city, school or health districts are not eligible to participate in the voluntary insurance plans.

The [publications](#), [payroll memos](#), and [enrollment forms](#) are available on the NDPERS website. Please use the enrollment forms posted on the website. Outdated forms will not be accepted. **Members MUST file enrollment forms to their payroll office by 5:00 p.m. on Monday, November 17<sup>th</sup>, 2003 (no exceptions).**

### Changes to the FlexComp Enrollment Process

Effective with the 2004 Plan Year, PeopleSoft Flexible Spending Account Administration will replace the software currently being used to administer the FlexComp Plan. In the past, all FlexComp records for the new plan year were set up by NDPERS. Agency payroll staff will now have the responsibility for setting up the FlexComp record for employees who elect to participate in the plan. Payroll will sign Part G of the enrollment form certifying that the employee meets the eligibility requirements and has been set up for the benefits applied for on the form. NDPERS will be responsible for the

records retention for the program. Payroll should retain a photocopy of the form for their records and send the original to NDPERS.

**If you are on the State of North Dakota PeopleSoft Payroll System**, refer to Payroll Memorandums [2003 -8](#), FlexComp 2004 Plan Year; [2003-10](#), FSA Benefits Setting up the Employee Record; [2003-13](#), Setting up a Pre-Tax Premium; and [2003-11](#), FlexComp Calendar.

**If you are not on the State of North Dakota PeopleSoft Payroll System**, refer to Payroll Memorandums [2003-9](#), FlexComp 2004 Plan Year and [2003-12](#), FlexComp Calendar.

### Direct Deposit

Direct Deposit of FlexComp reimbursement checks will be available to employees effective January 1, 2004. If selected, direct deposit will apply to all reimbursement accounts specified on the application.

If employees are paid through the State of North Dakota PeopleSoft Payroll System, and they are currently having their payroll check direct deposited, they can elect to have their FlexComp reimbursements deposited into the same account.

Employees who are **not** paid through the State of North Dakota PeopleSoft Payroll System must complete [form SFN 53852](#) and submit to NDPERS along with their election form.

### Over-the-Counter Drugs Are Now Reimbursable Items from an Employee's Medical Spending Account

If you haven't already done so, please route [Payroll Memorandum 2003-14](#) to your employees.

### **Dental Plan Premium Increase**

At its August meeting, the NDPERS Board reviewed ReliaStar's renewal proposal for the January 1, 2004 plan year. ReliaStar proposed a 6.91% rate adjustment for next year. This increase is the result of high utilization of services and the effects of medical inflation. The Board accepted ReliaStar's renewal proposal. This is the first rate increase in two years. Effective January 1, 2004 the following are the new rates:

Level of Coverage	Monthly Premium	COBRA
Individual	\$29.64	\$30.23
Individual & Spouse	\$57.09	\$58.23
Individual & Child(ren)	\$66.45	\$67.78
Family (employee, spouse, child(ren))	\$93.90	\$95.78

### **Deferred Compensation New Deferral Opportunities for Plan Participants**

The Treasury Department and IRS issued final regulations relating to Section 457 deferred compensation plans. These final regulations, among other things, allow for the deferral of accumulated sick pay, annual leave, and back pay payments that were previously not eligible for deferral under the plan.

At its September meeting, the NDPERS Retirement Board approved adopting these regulations for the State Deferred Compensation Plan. Effective January 1, 2004, employees who participate in the deferred compensation plan and who upon termination of employment will receive a lump sum payment for accumulated annual leave, sick leave, or back pay may defer these payments to the deferred comp plan. These deferrals are treated as part of the participant's annual deferrals, and are subject to the annual limits in effect for the year in which the deferrals are made (\$13,000 in 2004).

Employees must elect to defer sick, annual leave and back pay payments while actively employed and in the month prior to the month of termination by completing PERS form SFN 3803. The regulations do not allow deferrals for severance pay or bonuses.

Terminating employees may not begin to receive distributions from a deferred compensation account until they have been off the payroll of a covered employer for one month.

Please notify your employees about this new plan provision. This [notice](#) is also on our web site home page.

### **Retirement Education Program PREP**

In 2002, PERS announced it would be sponsoring two Pre-Retirement Education Programs; one in the eastern part of the state and one in the western part of the state. These programs have been very well received.

NDPERS has scheduled the following PREP's for 2004:

Grand Forks in April  
Bismarck in October

As it becomes available, additional information will be sent using e-mail and this newsletter. We will also post

information on our website at [discovernd.com/ndpers](http://discovernd.com/ndpers) as the scheduled dates get closer.

If you are interested in sponsoring your own Pre-Retirement Education Program, you must complete the [Meeting Request and Registration Form \(SFN 53176\)](#). You will also find the [Facilitator's Handbook](#). This handbook provides you with details involved in sponsoring a PREP.

To secure a date, you must complete the [Meeting Request and Registration form \(SFN 53176\)](#) and send it to NDPERS, PO Box 1657, Bismarck ND 58502-1657 or you may fax it to 701-328-3920. A minimum 90 day lead-time is required. NDPERS only conducts one employer-sponsored seminar per month.

### **Distribution of Summary Plan Descriptions**

Because the SPDs for the PERS benefit programs can be accessed on our web site, we will no longer be mailing these documents to our members. This includes the following programs:

- [NDPERS Retirement Plan](#)
- [Highway Patrol Retirement Plan](#)
- [Judge's Retirement Plan](#)

- [National Guard/Law Enforcement's Retirement Plan](#)
- [Deferred Compensation Plan](#)
- [Group Life Plan](#)
- [Group Dental Plan](#)
- [Group Vision Plan](#)
- [Long Term Care Plan](#)
- [FlexComp Plan](#)

Should you require a hard copy, it will be necessary to make your request to this office. BCBSND will still be mailing out the Certificate of Insurance SPD to all enrolled subscribers.

## **Important Updates**

### **Transfers of Employment Between Participating Employers**

Recently, [Memorandum 2003-16](#) was distributed to employers. This memorandum outlined a change in procedures regarding how to handle an employee who is transferring employment between participating NDPERS employers. Please be sure to review this memorandum if you have an employee in this situation.

### **Group Insurance - Final Premium Payments Employer Responsibility**

Last year NDPERS published this article, but once again we feel the need to remind employer's that participate in the group health plan of the Administrative Rules pertaining to final payment of the health insurance premium for terminating employees. [Administrative Code section 71-03-04-01](#) pertaining to state agencies and [section 71-03-07-01](#) pertaining to political subdivisions clarify that *an employee's coverage must end the month following the month after termination of employment. **This means the employer must remit premium payment for insurance coverage for the month following the month of termination in order to comply with this requirement. In addition, when an employee transfers from one participating employer to another, the new employer is responsible for submitting the premium for the first of the month following the month of employment. No exceptions.*** Even if the employee transfers in the middle of the month, thereby receiving a paycheck on the first of the month, following the transfer, the new employer is responsible for the premium(s). This includes deductions for health, life, dental, vision, and long-term care.

Please review your internal procedures to ensure you are administering this provision as set forth in the Code. If you have any questions, please contact Cheryle Masset at 701-328-3909 or toll free at 1-800-803-7377.

### **Employer Notice Requirements**

The Department of Human Services Child Support Enforcement program has requested that we include in our newsletter a brief note regarding an employer's responsibilities for National Medical Support Notice, income withholding and for reporting newly-hired employees.

Child Support's website at < [www.childsupportnd.com](http://www.childsupportnd.com) > contains information about these responsibilities. Please review this information to ensure you are in compliance with the new requirements.

### **NDPERS Wellness Benefit Program**

The Wellness Benefit Program provides funding assistance to employer groups participating in the NDPERS group health plan that provide on-site wellness programs for their employees. The program has been available since 1994. To apply for consideration for funding assistance, the employer must complete an application form.

At its inception, the program allowed a maximum benefit of up to \$500 subject to Committee review and approval. Benefit requests in excess of \$500 were subject to review and approval by the Board. At its August 2003 meeting, the NDPERS board approved some changes to the funding assistance you are allowed under the program. The following outlines the new benefit structure:

- The first \$500 will be funded at 100%, or actual cost, whichever is less.
- Costs above the first \$500 will be funded at 75% to a maximum benefit amount as determined by the committee.

We hope this new funding structure will make it easier for site wellness coordinators to determine the financial commitment that may be required by the employer or the participants when developing their on-site programs.

If you are considering conducting an on-site wellness program for your employees, you may request an application by sending an e-mail to [discovernd.com/ndpers](mailto:discovernd.com/ndpers).

### **When Preparing W-2 Forms**

If the employee is participating in the NDPERS Retirement Plan, check the "Retirement Plan" box in box 13 on the W-2 form. The NDPERS Retirement Plan is a qualified plan as described in section 401(a). If you have questions, call Sharon at (701) 328-3902.

### **New Funds Available for Purchase of Service Credit**

Effective August 1, 2003, the PERS Defined Benefit Plan can accept additional funds into the plan for the purpose of purchasing eligible service credit. These additional funds include 457, 403(b) and traditional IRAs. For more information about the provisions of purchasing service credit or the complete list of funds that are eligible, please refer to the [Provisions for the Purchase of Service Credit and Conversion of Unused Sick Leave](#). To request a cost calculation for eligible service, the [Request for Purchase Information SFN 53718](#) must be completed and submitted to PERS. Phone requests for cost calculations will not be accepted.

### **REMINDER: USERRA Employer Update Available on Website**

There are special policies that apply to the administration of our retirement and group insurance benefits with regard to reservists that are called for active duty. We have prepared a [memorandum regarding the administration of PERS benefits for reservists](#). As the employer, please make sure you review the information provided in the memorandum with the reservist when they are called to duty.

### **Employer Contribution Payment into Retirement Plans for USERRA Covered Service**

Recently, administrative policies have been addressed regarding when an employer will be required to make required employer contributions to the NDPERS Retirement Plans when a reservist returns from active duty and makes an initial payment towards the missed contributions.

### **Defined Benefit Plans:**

Upon receipt of the member's first payment, NDPERS will bill the employer for the required employer contribution for each month of credit. This must be paid at that time by the employer in a lump sum.

If the employee fails to complete the purchase, then NDPERS will determine how much of the credit the reservist paid for and will prorate the account with this credit. Any overpayment of employer contributions due to this pro-rata will be returned to the employer.

### **Defined Contribution Plan:**

If the reservist elects to make monthly payments through payroll deduction, then the employer will be required to submit the same amount of monthly payments towards the required employer contribution. Upon the reservist completing their required employee contributions, NDPERS will send a final billing for the remaining employer contributions to the employer for a lump sum payment. To initiate a monthly payroll deduction, the reservist will need to set the deduction up at the payroll office.

If the reservist elects any other type of installment payment or is not having payments payroll deducted, then the employer will be billed upon the completion of the employee contribution payments. The funds contributed will be forwarded to Fidelity Investments, the trust company for the Defined Contribution Plan.

### **Requirements for Participation in the Defined Benefit Plan for Elected & Appointed Officials**

As many of our employers have newly elected, re-elected and appointed officials filling positions effective in December or January, the [Memorandum](#) is available as a reminder regarding eligibility for participation in the Defined Benefit Plan.

If you are unable to view this memorandum on the website, please contact Rebecca Fricke at (701) 328-3911 for a hard copy.

### **Deferred Compensation Plan Participants**

The NDPERS Deferred Compensation Administrative Agreement does not contain a provision to allow an employer, participating in the Plan, to

limit or restrict employee access to all approved deferred compensation providers. Also, there is no authority allowing an employer to impose enrollment minimums in order for an eligible provider to service its employees.

It is NDPERS position that employers choosing to participate in the NDPERS Deferred Compensation Plan have made the decision to allow employees full access to the approved provider list and have accepted the responsibility of administering the Plan as directed in the Administrative Agreement.

## **Odds & Ends**

### **Goodbye to Out-of-Date Forms**

We appreciate your efforts to submit accurate data to the PERS office. Sometimes, however, when laws change, your meticulous information may need to be resubmitted on a current form.

So, how do you know whether a form or kit is current or not? Fortunately, you can go to the NDPERS website under forms and publications to print down the most current forms and kits.

NDPERS is diligently working on having all of our forms fillable and on the web.

As a reminder, the [Inside NDPERS Employer Handbook](#) is also available on-line and is a great source to reference for instructions on how to complete a NDPERS form.

### **Had a Change in Your Agency Email Address, Mailing Address, Phone Number or Fax Number?**

If you are the contact person for your agency regarding PERS benefits, please be sure to send notice to PERS if your email address, mailing address, phone or fax number changes. The notice can be sent to the attention of Rebecca Fricke. Payroll/Personnel contact information is maintained on a database and is used by PERS staff to contact you. If you have any questions, please call Rebecca at (701) 328-3911.

## **Board Meeting Highlights**

Complete [meeting minutes](#) are available.

### **June 19, 2003**

- Discussed interest accrual on employee account balances. Determined that the rate would remain 7.5% at this time.
- Placed Invesco Dynamics fund on formal fund review and placed Strong Opportunity fund in a closed status.
- Approved employer contribution rates for National Guard/Law Enforcement Retirement System.
- Approved Board election results, which indicated Howard Sage was elected by active membership.

### **July 17, 2003**

- Were presented with information regarding the ND Job Service Retirement Plan, which NDPERS assumes administration of August 1, 2003.
- Approved plan document changes to the NDPERS Defined Contribution Plan Document.
- Approved a draft Participant Agreement contract for employers wishing to participate in the National Guard/Law Enforcement Retirement System.
- Placed the Strong Opportunity Fund and Fred Alger Fund on formal watch instead of closing them to new investments.
- Approved revisions to the FlexComp Plan Document.

*Look forward to receiving via email your next edition of the PERSonnel Updates @ January 15, 2004.*

*This newsletter is intended to provide general information and may not be considered to be a legal interpretation of law. Statements contained in this newsletter do not supersede the North Dakota Century Code or Administrative Code or restrict the authority granted to the Retirement Board. This information is subject both to changes made by the legislature and rules and regulations established by the Board of the North Dakota Public Employees Retirement System.*